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UNCLAS TEGUCIGALPA 002897

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SENSITIVE

GUATEMALA FOR COMATT: DTHOMPSON  
STATE FOR WHA/CEN

E.O. 12958: N/A

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SUBJECT: AES PROJECT: ANNOUNCEMENT OF 210MW BID WINNER  
DELAYED AGAIN

REF: a) 01 TEGUCIGALPA 2872, b) TEGUCIGALPA 02207, c)

TEGUCIGALPA 02857

1. (SBU) Once again, the announcement of the winning bid in the 210MW energy contract has been delayed (bids were presented on July 26). Angelo Botazzi, the general manager of the state-owned electricity company ENEE, now says the decision will be announced sometime before October 23rd. As the decision draws near, is postponed and draws near again, the American bidder, AES, continues to request USG advocacy. As noted in ref a, Embassy has advocated for this project, consistently, at the highest levels of government. Ambassador and DCM have discussed the tender personally with President Maduro and Minister of the Presidency, Luis Cosenza on several occasions. Econoffs continue to show Embassy support for a fair process at all opportunities.

2. (SBU) On October 16th, Emboffs met with ENEE general manager, Botazzi and passed on concerns expressed by the U.S. company, AES, about possible irregularities in the evaluation process, including the fact that some confidential documents from the evaluation committee have

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been circulated publicly.

3. (SBU) Botazzi replied that while it is possible an individual on the evaluation committee has acted irresponsibly, he has complete confidence that the committee's decision will result in a fair and transparent outcome. He added that the decision of the evaluation committee will be unanimous, limiting the ability of any one individual to unduly influence the process. The evaluation committee's recommendation will also need to have the stamp of approval from the separate transparency committee (which is serving as a watchdog) before it is submitted to the ENEE board. Botazzi stated he is confident that the winner of the bid will be the project that meets all the requirements and has the lowest evaluated cost.

4. (SBU) Despite the repeated delays in the announcement, Botazzi promised the decision would be announced within the week. He professed not to be concerned about the time the decision has taken up to now, since the tender evaluation is very technical and complicated. He noted that the committee is working hard to make sure the recommendation is so well documented that no party will be able to challenge the decision.

5. (SBU) This position is consistent with a conversation Econcouns had with Presidential advisor, Ramon Medina Luna, on October 15th. Medina Luna said that it was important for the Government to avoid any possible legal challenges that would delay the awarding of the contract. Since the country desperately needs this energy by 2004, they do not feel they can afford the delays of a legal challenge. Both Botazzi and Medina Luna indirectly acknowledged the importance of AES's El Faro project, but neither one gave any indication AES will definitely be the winner of this contract. Note: AES's El Faro project is technically independent of the result of this bid. However, all parties understand that under the current world energy market conditions obtaining this contract would probably be necessary for AES to get financing for El Faro. End Note.

6. (SBU) Comment: We believe the meetings with Botazzi and Medina were useful in communicating again USG interest in the fairness of the tender and the American company's concerns about possible irregularities. Embassy will continue its advocacy on this case at all appropriate opportunities. End Comment.  
PALMER